

**BUCKLEY COMMUNITY SCHOOLS**

**BUCKLEY, MICHIGAN**

**JUNE 30, 2008**

*Baird, Cotter and Bishop, P.C.*

**CERTIFIED PUBLIC ACCOUNTANTS**

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

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BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

	<u>PAGES</u>
<b>Independent Auditors' Report</b>	i-ii
<b>Management's Discussion and Analysis</b>	iii-ix
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet – Governmental Funds	3
Reconciliation of Balance Sheet of Governmental Funds to Statement of Net Assets	4
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Fiduciary Funds	
Statement of Fiduciary Net Assets	7
Notes to Financial Statements	8-22
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule – Major Fund	23
<b>Combining and Individual Fund Financial Statements</b>	
Nonmajor Governmental Fund Types	
Combining Balance Sheet	24
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	25
<b>Financial Statements of Individual Major Governmental Funds</b>	
General Fund	
Comparative Balance Sheet	26
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	27-28
Analysis of Revenues - Budget and Actual	29-30
Analysis of Expenditures - Budget and Actual	31-36

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

	<u>PAGES</u>
2006 Capital Projects Fund	
Comparative Balance Sheet	37
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	38
<b>Financial Statements of Individual Nonmajor Governmental Funds</b>	
Special Revenue (School Service) Funds	
Food Service Fund	
Comparative Balance Sheet	39
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	40-41
Athletic Activities Fund	
Comparative Balance Sheet	42
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	43
Debt Retirement Funds	
2005 Debt Retirement Fund	
Comparative Balance Sheet	44
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	45
2006 Debt Retirement Fund	
Balance Sheet	46
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	47
Fiduciary Fund Types	
Agency Fund	
Statement of Cash Receipts, Disbursements and Balance	48-50
<b>Other Information</b>	
Schedules of Bonds Payable	
2005 Refunding Bonds	51-52
1998 Durant Bonds	53
2006 School Building and Site Bonds	54-55

# *Baird, Cotter and Bishop, P.C.*

## CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601  
PHONE: 231-775-9789 FAX: 231-775-9749  
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July 18, 2008

### INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Buckley Community Schools  
Buckley, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Buckley Community Schools, Buckley, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the Districts' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Buckley Community Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Buckley Community Schools, Buckley, Michigan, as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2008, on our consideration of Buckley Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages iii through ix and 23, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Buckley Community Schools, Buckley, Michigan basic financial statements. The combining and individual fund financial statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

Buckley Community Schools, a K-12 school district located in Grand Traverse and Wexford Counties, Michigan, has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management’s Discussion and Analysis, a requirement of GASB 34, is intended to be the Buckley Community Schools administration’s discussion and analysis of the financial results for the fiscal year ended June 30, 2008.

Generally accepted accounting principles (GAAP), according to GASB 34, require the reporting of two types of financial statements: fund financial statements and government-wide financial statements.

**A. Fund Financial Statements**

The fund level statements are reported on a modified accrual basis in that only those assets that are “measurable” and “currently available” are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education’s “Accounting Manual.” In the State of Michigan, school districts’ major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in various other funds. These include Special Revenue Funds, and Debt Service Funds.

In the fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition with no asset being reported. The issuance of debt is recorded as a financial resource. The current year’s payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years’ debt service are not recorded in the fund financial statements.

**B. Government-Wide Financial Statements**

The government-wide financial statements, required by GASB 34, are calculated using full accrual accounting and more closely represent those presented by business and industry. The District’s entire assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the noncurrent debt of the District.

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

**C. Summary of Net Assets**

The following schedule summarizes the net assets at June 30,

<b>Assets</b>	2008	2007
Current Assets	\$ 2,013,743	\$ 4,273,166
Non Current Assets		
Capital Assets	9,435,328	7,685,803
Less Accumulated Depreciation	(829,416)	(717,538)
Total Non Current Assets	8,605,912	6,968,265
Total Assets	\$10,619,655	\$ 11,241,431
<b>Liabilities</b>		
Current Liabilities	\$ 1,529,212	\$ 1,830,830
Non Current Liabilities	4,728,119	4,941,955
Total Liabilities	6,257,331	6,772,785
<b>Net Assets</b>		
Invested in Capital Assets Net of Related Debt	3,812,405	1,832,862
Restricted for Capital Projects	233,469	2,179,180
Restricted for Debt Service	131,376	125,564
Unrestricted	185,074	331,040
Total Net Assets	4,362,324	4,468,646
Total Liabilities and Net Assets	\$10,619,655	\$ 11,241,431

**D. Analysis of Financial Position**

During the fiscal year ended June 30, 2008, the District's net assets decreased by \$106,322. A few of the more significant factors affecting net assets during the year are discussed below:

**1. Depreciation Expense**

GASB 34 requires school districts to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2008, \$111,878 was recorded for depreciation expense.

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

**2. Capital Outlay Acquisitions**

For the year ended June 30, 2008, \$1,749,525 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets and the current year's depreciation is an increase in capital assets in the amount of \$1,637,647 for the year ended June 30, 2008.

**E. Results of Operations**

For the years ended June 30, the results of operations, on a District-wide basis, were:

	2008	2007
<b>General Revenues</b>		
Property Taxes	\$ 938,790	\$ 858,137
Investment Earnings - Unrestricted	41,694	46,386
Investment Earnings - Restricted	32,424	135,461
State Sources	2,273,039	2,274,837
Other	33,713	11,336
Total General Revenues	<u>3,319,660</u>	<u>3,326,157</u>
<b>Program Revenues</b>		
Charges for Services	52,325	44,588
Operating Grants	533,243	595,787
Total Program Revenues	<u>585,568</u>	<u>640,375</u>
Total Revenues	<u>3,905,228</u>	<u>3,966,532</u>
<b>Expenses</b>		
Instruction	2,040,074	2,016,335
Supporting Services	1,236,133	1,166,548
Food Service Activities	124,377	121,337
Athletic Activities	112,570	103,759
Community Services	6,069	3,852
Facilities Acquisition	228,610	400
Interest on Long-Term Debt	260,747	259,785
Other Transactions	1,744	9,192
Unallocated Depreciation	1,226	1,226
Total Expenses	<u>4,011,550</u>	<u>3,682,434</u>
Change in Net Assets	<u>\$ (106,322)</u>	<u>\$ 284,098</u>



BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

**F. Analysis of Significant Revenues and Expenses**

Significant revenues and expenditures are discussed in the segments below:

**1. Property Taxes**

The District levies 18 mills of property taxes for operations on non-homestead properties, less the mandatory reductions required by the Headlee Amendment, Article IX, Section 31. According to Michigan law, the tax levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer's Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is half of the property's market value.

For the 2007-2008 fiscal year, the District levied \$511,606 in non-homestead property taxes. This represented an increase of 4.96% from the prior year. The amount of unpaid property taxes at June 30, 2008, was \$963.

The following table summarizes the non-homestead property tax levies for operations for the past five years:

Fiscal Year	Non-Homestead Tax Levy	% Increase (Decrease) from Prior Year
2007-2008	\$ 511,606	4.96%
2006-2007	487,447	13.70%
2005-2006	428,697	9.55%
2004-2005	391,339	19.72%
2003-2004	326,870	3.67%

**2. State Sources**

The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 75% of the current year's fall count and 25% of the prior year's spring count. For the 2007-2008 fiscal year, the District received \$7,204 per student FTE.

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

**3. Student Enrollment**

The following schedule summarizes the blended student enrollment for the past five years:

Fiscal Year	Blended Student FTE	FTE Change from Prior Year
2007-2008	399	1
2006-2007	398	(11)
2005-2006	409	(15)
2004-2005	424	15
2003-2004	409	(7)

**4. Operating Grants**

The District funds a significant portion of its operations with categorical sources. For the year ended June 30, 2008, federal, state, and other grants accounted for \$533,243. This represents a decrease of \$62,544 from the total grant sources received for the 2006-2007 fiscal year.

**5. Comparative Expenditures**

A comparison of the expenditures reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances is shown below:

A comparison of expenditures by fund follows:

Expenditures	2007-2008 Fiscal Year	2006-2007 Fiscal Year	Increase (Decrease)
General Fund	\$ 3,229,970	\$ 3,181,620	\$ 48,350
2006 Capital Projects Fund	1,978,135	1,194,759	783,376
Food Service Fund	123,035	120,628	2,407
Athletic Activities Fund	99,451	93,237	6,214
Debt Service Funds	416,205	360,483	55,722
Total Expenditures	\$ 5,846,796	\$ 4,950,727	\$ 896,069

**G. General Fund Budgetary Highlights**

The Uniform Accounting and Budgeting Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30.

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

For the 2007-2008 fiscal year, the District amended the General Fund budget once, with the Board adopting the changes in June 2008. The following schedule shows a comparison of the original General Fund budget, the final amended General Fund budget, and actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Total Revenues	\$ 3,312,141	\$ 3,311,577	\$ 3,321,102
<u>EXPENDITURES</u>			
Instruction	\$ 2,053,189	\$ 2,009,733	\$ 2,013,910
Supporting Services	1,108,938	1,141,603	1,121,007
Central Services	42,620	43,820	45,283
Community Services	3,855	6,905	6,069
Debt Service	68,630	26,091	41,957
Other Transactions	1,480	3,096	1,744
Total Expenditures	\$ 3,278,712	\$ 3,231,248	\$ 3,229,970

The original revenue budget of \$3,312,141 was decreased to \$3,311,577 primarily as a result of decreased grant revenue.

## **H. Capital Asset and Debt Administration**

### **1. Capital Assets**

By the end of the 2007-2008 fiscal year, the District had invested \$9,435,328 in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. This represents a net increase of \$1,749,525 from the prior fiscal year. Depreciation expense for the year amounted to \$111,878 bringing the accumulation to \$829,416 as of June 30, 2008.

### **2. Long-Term Debt**

At June 30, 2008, the District had \$5,106,719 in long-term debt outstanding. This represents a decrease of \$210,967 from the amount outstanding at the close of the prior fiscal year. No new debt was incurred during the 2007-2008 fiscal year.

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

**I. Factors Bearing on the District's Future**

At the time that these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- With the current economic condition in the country, and especially in the State of Michigan, uncertainty surrounds the level at which districts will be funded for the student foundation allowance for the 2008-2009 fiscal year. The early indication is that the foundation allowance will be held flat with continued pro-ration of the discretionary payment. This will pose a challenge to the District to maintain structural balance while continuing with its educational programming.
- Additionally, the State decreased the retirement rate to 16.54% during 2008-2009.
- The consolidated federal grants continue to trend downward at a rate of about 20% per year.
- The increase in propane prices has inflated the budget by \$50,000.

**Contacting the District's Financial Management**

- This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact the Business Manager, Buckley Community Schools, 305 S. First Street, Buckley, Michigan 49620.

BUCKLEY COMMUNITY SCHOOLS

BUCKLEY, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2008

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$ 368,338
Taxes Receivable	963
Accounts Receivable	42,340
Due from Other Governments	446,646
Inventories	3,656
Prepaid Expenditures	11,998
Investments	1,139,802
Total Current Assets	<u>2,013,743</u>
<u>NONCURRENT ASSETS</u>	
Capital Assets	9,435,328
Less Accumulated Depreciation	<u>(829,416)</u>
Total Noncurrent Assets	<u>8,605,912</u>
TOTAL ASSETS	<u>\$ 10,619,655</u>
<u>LIABILITIES AND NET ASSETS</u>	
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$ 5,504
State Aid Anticipation Note	900,000
Accrued Expenses	119,888
Accrued Interest Payable	33,997
Salaries Payable	203,166
Deferred Revenue - Unearned	35,000
Current Portion of Noncurrent Liabilities	<u>231,657</u>
Total Current Liabilities	<u>1,529,212</u>
<u>NONCURRENT LIABILITIES</u>	
Bonds Payable (Net of Unamortized Issuance Costs)	4,940,450
Compensated Absences	19,326
Less Current Portion of Non Current Liabilities	<u>(231,657)</u>
Total Non Current Liabilities	<u>4,728,119</u>
Total Liabilities	<u>6,257,331</u>
<u>NET ASSETS</u>	
Invested in Capital Assets Net of Related Debt	3,812,405
Restricted for Capital Projects	233,469
Restricted for Debt Service	131,376
Unrestricted	<u>185,074</u>
Total Net Assets	<u>4,362,324</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,619,655</u>

The accompanying notes are an integral part of these financial statements.

BUCKLEY COMMUNITY SCHOOLS

BUCKLEY, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2008

					GOVERNMENTAL ACTIVITIES
					NET (EXPENSE)
					REVENUE AND
					CHANGES IN
					NET ASSETS
					</

The accompanying notes are an integral part of these financial statements.

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008

	GENERAL FUND	2006 CAPITAL PROJECTS FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash	\$ 52,498	\$ 161,116	\$ 154,724	\$ 368,338
Taxes Receivable	740	0	223	963
Accounts Receivable	42,340	0	0	42,340
Due from Other Funds	0	0	40,513	40,513
Due from Other Governments	445,740	0	906	446,646
Inventory	2,000	0	1,656	3,656
Prepaid Expenditures	11,998	0	0	11,998
Investments	1,067,449	72,353	0	1,139,802
 TOTAL ASSETS	 \$ 1,622,765	 \$ 233,469	 \$ 198,022	 \$ 2,054,256
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 5,504	\$ 0	\$ 0	\$ 5,504
State Aid Anticipation Note Payable	900,000	0	0	900,000
Accrued Expenses	119,888	0	0	119,888
Salaries Payable	203,166	0	0	203,166
Due to Other Funds	40,513	0	0	40,513
Deferred Revenue	35,740	0	223	35,963
 Total Liabilities	 1,304,811	 0	 223	 1,305,034
<u>FUND BALANCES</u>				
Reserved for Inventory	2,000	0	1,656	3,656
Reserved for Capital Projects	0	233,469	0	233,469
Reserved for Prepaid Expenditures	11,998	0	0	11,998
Reserved for Debt Service	0	0	165,373	165,373
Unreserved				
Designated for Food Service	0	0	21,688	21,688
Designated for Athletics	0	0	9,082	9,082
Unreserved, Undesignated	303,956	0	0	303,956
 Total Fund Balances	 317,954	 233,469	 197,799	 749,222
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 1,622,765	 \$ 233,469	 \$ 198,022	 \$ 2,054,256

The accompanying notes are an integral part of these financial statements.

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO  
STATEMENT OF NET ASSETS

JUNE 30, 2008

Total Governmental Fund Balances		\$	749,222
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and are not reported in the funds			
The cost of the capital assets is	\$	9,435,328	
Accumulated depreciation is		<u>(829,416)</u>	8,605,912
Long term liabilities are not due and payable in the current period and are not reported in the funds			
Bonds Payable			(5,087,393)
Compensated Absences			(19,326)
Governmental funds expense the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.			146,943
Accrued interest on long-term debt is not included as a liability in governmental funds, it is recorded when paid			(33,997)
Balance of taxes receivable at June 30, 2008, expected to be collected after September 1, 2008			<u>963</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		\$	<u><u>4,362,324</u></u>

The accompanying notes are an integral part of these financial statements.



BUCKLEY COMMUNITY SCHOOLS

BUCKLEY, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2008

	GENERAL FUND	2006 CAPITAL PROJECT FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Local Sources	\$ 587,096	\$ 32,424	\$ 467,381	\$ 1,086,901
State Sources	2,454,753	0	5,996	2,460,749
Federal Sources	211,669	0	78,818	290,487
Other Transactions	67,584	0	0	67,584
Total Revenues	3,321,102	32,424	552,195	3,905,721
<u>EXPENDITURES</u>				
Instruction				
Basic Programs	1,718,185	0	0	1,718,185
Added Needs	295,725	0	0	295,725
Supporting Services				
Pupil	62,046	0	0	62,046
Instructional Staff	42,007	0	0	42,007
General Administration	157,082	0	0	157,082
School Administration	190,855	0	0	190,855
Business	102,800		0	102,800
Operation and Maintenance	419,045	0	0	419,045
Pupil Transportation Services	147,172	0	0	147,172
Central Services	45,283	0	0	45,283
Food Service Activities	0	0	123,035	123,035
Athletic Activities	0	0	99,451	99,451
Community Services	6,069	0	0	6,069
Facilities Acquisition	0	1,978,135	0	1,978,135
Debt Service				
Principal	5,783	0	205,000	210,783
Interest	36,174	0	211,205	247,379
Other Transactions	1,744	0	0	1,744
Total Expenditures	3,229,970	1,978,135	638,691	5,846,796
Excess (Deficiency) of Revenues Over (Under) Expenditures	91,132	(1,945,711)	(86,496)	(1,941,075)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	0	0	104,216	104,216
Transfers Out	(104,216)	0	0	(104,216)
Total Other Financing Sources (Uses)	(104,216)	0	104,216	0
Net Change in Fund Balance	(13,084)	(1,945,711)	17,720	(1,941,075)
<u>FUND BALANCES</u> - Beginning of Year	331,038	2,179,180	180,079	2,690,297
<u>FUND BALANCES</u> - End of Year	\$ 317,954	\$ 233,469	\$ 197,799	\$ 749,222

The accompanying notes are an integral part of these financial statements.

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2008

Net Change in Fund Balances Total Governmental Funds	\$ (1,941,075)
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Amounts reported for governmental activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense	(111,878)
Capital Outlay	1,749,525

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued Interest Payable - Beginning of Year	36,459
Accrued Interest Payable - End of Year	(33,997)

Repayment of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities)	210,783
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Amortization of Bond Issuance Costs	(15,830)
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Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Deferred Revenue - Beginning of Year	(1,456)
Deferred Revenue - End of Year	963

Employees Compensated Absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Compensated Absences - Beginning of Year	19,510
Compensated Absences - End of Year	<u>(19,326)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (106,322)</u></u>
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The accompanying notes are an integral part of these financial statements.

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

JUNE 30, 2008

	<u>AGENCY FUND</u>
<u>ASSETS</u>	
Cash	<u>\$ 69,011</u>
<u>LIABILITIES AND NET ASSETS</u>	
<u>LIABILITIES</u>	
Due to Groups and Organizations	69,011
<u>NET ASSETS</u>	<u>0</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 69,011</u>

The accompanying notes are an integral part of these financial statements.

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Buckley Community Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

The School District is located in Wexford and Grand Traverse Counties with its administrative offices located in Buckley, Michigan. The District operates under an elected 7-member board of education and provides services to its 399 students in elementary, middle school, high school, special education, transportation, food service, and athletics. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. The District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. The District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement No. 14.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use or directly benefit from goods or services by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Foundation Aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenues but instead as *general revenues*.

In the government-wide statement of net assets, the governmental activities column is presented on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The District first utilizes restricted resources to finance qualifying activities.

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues and charges, etc.). The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Governmental Funds** – Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use and balances of the school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following major governmental funds:

The *GENERAL FUND* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *CAPITAL PROJECTS FUND* accounts for major improvement projects and is primarily funded with Bond Proceeds.

**Other Non-Major Funds**

The *SPECIAL REVENUE FUNDS* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and athletic activities in the special revenue funds.

The *DEBT SERVICE FUNDS* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

**Fiduciary Funds**

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

The *AGENCY FUND* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

**Accrual Method**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Modified Accrual Method**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

**State Revenue**

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2008, the foundation allowance was based on pupil membership counts taken in February and September of 2007, 2006 and 2005. For the year ended June 30, 2008, the per pupil foundation allowance was \$7,204 for Buckley Community Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2007 to August 2008. Thus, the unpaid portion at June 30th is reported as due from other governments.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

**D. Other Accounting Policies**

1. Cash and Investments

Cash includes amounts in demand deposits.

Investments are carried at market value.

The District complies with State statutes regarding investment of funds.

The Board policy on investment of funds authorizes the School District to invest as follows:

- (a) Bonds, bills, or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States Government, or obligations of the state.
- (b) Certificates of deposit issued by any state or national bank organized and authorized to operate in this state.
- (c) Commercial paper rated prime 1 or prime 2 at the time of purchase and maturing not more than 270 days after the date of purchase.
- (d) Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.
- (e) Investment pools, as authorized by the Surplus Funds Investment Pool Act, Act No 367 of the Public Acts of 1982, being sections 129.111 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district.

The Schools' deposits and investments are held separately by several of the School District's funds.

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

2. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. Property taxes are assessed as of January 1 and billed and due December 1. Unpaid taxes become delinquent as of February 14th and are subject to penalties and interest after that date. Uncollected taxes at year-end are not material.

For the year ended June 30, 2008, the District levied the following amounts per \$1,000 of taxable valuation:

<u>Fund</u>	<u>Mills</u>
General Fund – Non-homestead	18.0000
Debt Service Funds – Homestead and non-homestead	4.7800

4. Inventories and Prepaid Expenditures

Inventories are valued at cost. Inventory in the General Fund consists of supplies held for consumption. Inventories in the special revenue funds consisting of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

5. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings and additions	50 years
Furniture and other equipment	5 – 15 years

The District's capitalization policy is to capitalize individual items exceeding \$2,000.



BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

6. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. The amount allowable to be compensated for depends on the position and the longevity of the individual employee. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. The District has elected to apply the provisions of GASB 34 paragraph 146 which allows the amortization of premiums, discounts and bond issuance costs to be applied prospectively for all bonds issued after July 1, 2002.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Reservations of fund balance are for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Use of Estimates

The process of preparing basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue and debt service funds.

Encumbrance accounting is not employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) lapse at year-end and do not constitute expenditures or liabilities because the commitments will generally be reappropriated and honored during the subsequent year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations if any are noted in the required supplementary information section.
4. The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.
5. During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
6. Budgeted amounts are as originally adopted on June 26, 2007, or as amended by the School Board of Education on June 26, 2008.

**B. Excess of Expenditures Over Appropriations**

Excess of expenditures over appropriations occurred in the following funds:

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

General Fund – Basic Programs expenditures of \$1,718,185 exceeded appropriations of \$1,712,998, Pupil Transportation Services expenditures of \$147,172 exceeded appropriations of \$146,172, Interest and Fiscal Charges expenditures of \$36,174 exceed appropriations of \$20,307.

Food Service Fund – Food Service Activities expenditures of \$123,035 exceeded appropriations of \$119,181.

Athletic Activities Fund – Athletic Activities expenditures of \$99,451 exceeded appropriations of \$99,215.

2005 Debt Retirement Fund – Debt Service expenditures of \$244,569 exceeded appropriations of \$244,328.

2006 Debt Retirement Fund – Debt Service expenditures of \$171,636 exceeded appropriations of \$171,315.

**NOTE 3 - DETAILED NOTES ON ALL FUNDS**

**A. Deposits**

The District's deposits and investments are on deposit with Honor State Bank, Fifth Third Bank, Chase Bank and Michigan School District Liquid Asset Fund Plus.

*Investment rate risk.* The District minimizes Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the District's cash requirement.

*Foreign currency risk.* The District is not authorized to invest in investments, which have this type of risk.

*Credit risk.* The District minimizes Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the District will do business in accordance with the District's investment policy.

*Concentration of credit risk.* The District minimizes Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer is minimized.

*Custodial credit risk – deposits.* In the case of deposits, there is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2008, \$1,338,148 of the

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

government's bank balance of \$1,603,178 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial credit risk – investments.* For an investment, there is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are categorized to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered, or securities held by the District or the District's agent in the District's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the District's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the District's name. At year-end, all of the District's investments were uncategorized as to risk.

Investments

At June 30, 2008, the District had the following investments:

Investment Trust Funds	\$ 1,139,802
------------------------	--------------

The District invests certain excess funds in the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports that as of June 30, 2008, the fair value of the District's investments is the same as the value of the pool shares.

**B. Receivables**

Receivables as of year-end for the government's individual major funds and nonmajor funds in the aggregate; including the applicable allowances for uncollectible accounts, are as follows:

	GENERAL FUND	DEBT SERVICE FUNDS	NONMAJOR AND OTHER FUNDS	TOTAL
Receivable				
Taxes	\$ 740	\$ 223	\$ 0	\$ 963
Accounts	42,340	0	0	42,340
Due from Other Governments	445,740	0	906	446,646
	<u>\$ 488,820</u>	<u>\$ 223</u>	<u>\$ 906</u>	<u>\$ 489,949</u>

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

The allowance for doubtful accounts is not a material amount for disclosure.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent Property Taxes Receivable-General Fund	\$ 740	\$ 0
Delinquent Property Taxes Receivable-Debt Service Fund	223	0
Grant Receipts Received, Not Yet Utilized	0	35,000
	<hr/>	<hr/>
Total Deferred/Unearned Revenue for Governmental Funds	\$ 963	\$ 35,000
	<hr/>	<hr/>

**C. Capital Assets**

A summary of changes in the District's capital assets follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Capital assets not being depreciated - Land	\$ 90,090	\$ 0	\$ 0	\$ 90,090
Capital assets being depreciated				
Land improvements	202,001	20,914	0	222,915
Buildings and additions	6,653,614	1,631,972	0	8,285,586
Machinery and equipment	342,628	96,639	0	439,267
Transportation equipment	397,470	0	0	397,470
Subtotal	<hr/> 7,595,713	<hr/> 1,749,525	<hr/> 0	<hr/> 9,345,238
Less accumulated depreciation for:				
Land improvements	47,033	12,271	0	59,304
Buildings and additions	320,165	38,997	0	359,162
Machinery and equipment	203,510	20,863	0	224,373
Transportation and equipment	146,830	39,747	0	186,577
Accumulated depreciation	<hr/> 717,538	<hr/> 111,878	<hr/> 0	<hr/> 829,416
Net capital assets being depreciated	<hr/> 6,878,175	<hr/> 1,637,647	<hr/> 0	<hr/> 8,515,822
Net capital assets	<hr/> \$6,968,265	<hr/> \$1,637,647	<hr/> \$ 0	<hr/> \$ 8,605,912

Depreciation for the fiscal year ended June 30, 2008, amounted to \$111,878, and was allocated as follows:

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

Instruction	\$ 26,348
Operation and Maintenance	24,871
Transportation	41,603
Central Technology Services	3,369
Food Service	1,342
Athletics	13,119
Unallocated	1,226
	<u>\$ 111,878</u>

**D. Long-Term Debt**

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of governmental long-term obligations for the District for the year ended June 30, 2008:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable	\$5,292,393	\$ 0	\$205,000	\$5,087,393	\$ 231,657
Less:Deferred Charges - Net of Amortization	(162,773)	0	(15,830)	(146,943)	0
Total Bonds Payable	\$5,129,620	\$ 0	\$189,170	\$4,940,450	\$ 231,657
Compensated Absences	19,510	0	184	19,326	0
School Bus Loans	5,783	0	5,783	0	0
Total	\$5,154,913	\$ 0	\$195,137	\$4,959,776	\$ 231,657

At June 30, 2008, the District's long-term debt consisted of the following issues:

2005 Refunding Bonds Due in Annual Installments of \$95,000 to \$175,000 through May 1, 2025, Interest at 3.00% to 4.20%	\$1,770,000
2006 School Building and Site Bonds Due in Annual Installments of \$30,000 to \$200,000 through May 1, 2026, Interest at 4.125% to 4.400%	3,290,000
1998 School improvement bonds due in annual installments of \$2,500 to \$16,657, through May 15, 2013, interest at 4.761353%, being serviced by designated state aid	27,393
Accumulated Sick Pay	<u>19,326</u>
Total long-term debt	<u>\$5,106,719</u>

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

The requirements to amortize debt outstanding as of June 30, 2008, including interest of \$2,040,696 are as follows:

Year ending June 30,	Principal	Bonds Interest	Amounts Payable
2009	\$ 231,657	\$ 207,554	\$ 439,211
2010	247,500	197,535	445,035
2011	267,619	188,548	456,167
2012	277,743	178,618	456,361
2013	287,874	168,211	456,085
2014-2018	1,475,000	669,880	2,144,880
2019-2023	1,500,000	365,000	1,865,000
2024-2026	800,000	65,350	865,350
	<u>\$ 5,087,393</u>	<u>\$ 2,040,696</u>	<u>\$ 7,128,089</u>
Compensated Absences			<u>19,326</u>
			<u>\$ 7,147,415</u>

**E. Short-Term Debt**

The District owed \$900,000 on a State Aid Anticipation Note at the beginning of the year which was paid off in August of 2007. During the year the District borrowed \$900,000 on a State Aid Anticipation Note which will be paid off in August of 2008.

**F. Interfund Receivables, Payables, and Transfers**

Interfund Receivables and Payables as shown in the individual fund financial statements at June 30, 2008, were:

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 0	\$ 40,513
Food Service Fund	13,242	0
2006 Capital Projects Fund	0	0
2005 Debt Retirement Fund	15,317	0
2006 Debt Retirement Fund	11,954	0
	<u>\$ 40,513</u>	<u>\$ 40,513</u>

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

Interfund transfers as shown in the individual fund financial statements at June 30, 2008, were:

	TRANSFERS IN	TRANSFERS OUT
General Fund	\$ 0	\$ 104,216
Athletic Activities Fund	94,216	0
Food Service Fund	10,000	0
	<u>\$ 104,216</u>	<u>\$ 104,216</u>

**G. Designated and Reserved Fund Balance**

The School has reserved or designated the fund balances as follows:

1. Food Service and Athletic Activities

The Schools' policy is to show fund balance of the Food Service Fund and Athletic Activities Fund as designated for those purposes.

2. Debt Service

The entire fund balances of the Debt Service Funds are reserved for debt service.

3. Inventory and Prepaid Expenditures

The General Fund Balance is reserved for inventories and prepaid expenditures to emphasize that these amounts are not appropriable for other purposes.

4. Capital Projects

The entire fund balance of the Capital Projects Fund is reserved in accordance with the bond documents.

**H. Lease Information**

*Operating Leases* – The School District is committed under noncancellable leases for office equipment. The lease is an operating lease with no contingent lease payments. Lease expense (including short-term rental) for the current year was \$10,111. Future minimum lease payments are as follows:



BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

<u>YEAR ENDED JUNE 30,</u>	<u>AMOUNT</u>
2009	\$ 9,534
2010	9,534
2011	9,534
2012	9,534
2013	1,590
	<u>\$ 39,726</u>

**NOTE 4 – OTHER INFORMATION**

**A. Employee Retirement System**

Plan Description - The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost sharing multiple-employer defined benefit pension plan administered by the nine-member board of the MPERS. The MPERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPERS was established by Public Act 136 of 1945 and operates under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30171, Lansing, Michigan 48909-7671 or by calling (517) 322-5103.

Funding Policy - Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Market rate interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves MPERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rate for the first quarter of the year ended June 30, 2008, was 17.74%, and for the last three quarters it was 16.72 %. The contribution requirements of plan members and the District are established and may be amended by the MPERS Board of Trustees. The District contributions to MPERS for the year ended June 30, 2008, 2007 and 2006 were \$284,658, \$296,448, and \$282,415 respectively, and were equal to the required contribution for those years.

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

The District is not responsible for the payment of retirement benefits; that is the responsibility of the State of Michigan.

Other Post-employment Benefits

Under the MPSERS Act, all retirees have the option of continuing health, dental and vision coverage.

**C. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2008 or any of the prior three years.

**D. Capital Projects Fund Compliance**

The Capital Projects Fund includes capital project activities funded with bonds issued after May 1, 1994. For this capital project the school district has complied with the applicable provisions of §1351a of the Revised School Code.

**E. Sale of Future Revenues**

For several years, the District has sold its rights to delinquent real property tax revenues and related late payment penalties to the Wexford and Grand Traverse County treasurers. For the 2007 tax roll, the District received a lump sum payment of \$95,710 for general operating tax revenues and \$60,732 for debt service tax revenues. These amounts represent 100% of the present value of the delinquent real property tax revenues. In exchange for these payments, the counties are allowed to keep the delinquent taxes collected plus the late payment penalties charged. If the counties are ultimately unable to collect any of these delinquent taxes, the District will have to repay the counties.

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR FUND  
YEAR ENDED JUNE 30, 2008

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS BUDGETARY BASIS
<u>REVENUES</u>			
Local Sources	\$ 542,789	\$ 590,580	\$ 587,096
State Sources	2,465,650	2,464,992	2,454,753
Federal Sources	242,836	213,558	211,669
Other Transactions	60,866	42,447	67,584
Total Revenues	3,312,141	3,311,577	3,321,102
<u>EXPENDITURES</u>			
Instruction			
Basic Programs	1,736,796	1,712,998	1,718,185
Added Needs	316,393	296,735	295,725
Supporting Services			
Pupil	81,639	64,649	62,046
Instructional Staff	48,231	42,161	42,007
General Administration	157,096	159,271	157,082
School Administration	178,064	193,939	190,855
Business	113,439	105,575	102,800
Operation and Maintenance	364,690	429,836	419,045
Pupil Transportation Services	165,779	146,172	147,172
Central Services	42,620	43,820	45,283
Community Services	3,855	6,905	6,069
Debt Service			
Principal Reduction	68,630	5,784	5,783
Interest and Fiscal Charges	0	20,307	36,174
Other Transactions	1,480	3,096	1,744
Total Expenditures	3,278,712	3,231,248	3,229,970
Excess (Deficiency) of Revenues Over Expenditures	33,429	80,329	91,132
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out	(107,619)	(76,500)	(104,216)
Net Change in Fund Balance	(74,190)	3,829	(13,084)
<u>FUND BALANCE</u> - Beginning of Year	277,448	277,448	331,038
<u>FUND BALANCE</u> - End of Year	\$ 203,258	\$ 281,277	\$ 317,954

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2008

	<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT SERVICE FUNDS</u>			<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
	<u>FOOD SERVICE</u>	<u>ATHLETIC ACTIVITIES</u>	<u>DURANT DEBT RETIREMENT FUND</u>	<u>2005 DEBT RETIREMENT FUND</u>	<u>2006 DEBT RETIREMENT FUND</u>	
<u>ASSETS</u>						
Cash	\$ 7,540	\$ 9,082	\$ 0	\$ 52,501	\$ 85,601	\$ 154,724
Taxes Receivable	0	0	0	138	85	223
Due from Other Funds	13,242	0	0	15,317	11,954	40,513
Due from Other Governmental Units	906	0	0	0	0	906
Inventory	1,656	0	0	0	0	1,656
<b>TOTAL ASSETS</b>	<b>\$ 23,344</b>	<b>\$ 9,082</b>	<b>\$ 0</b>	<b>\$ 67,956</b>	<b>\$ 97,640</b>	<b>\$ 198,022</b>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>LIABILITIES</u>						
Deferred Revenue	\$ 0	\$ 0	\$ 0	\$ 138	\$ 85	\$ 223
<u>FUND BALANCE</u>						
Reserved for Inventory	1,656	0	0	0	0	1,656
Reserved for Debt Service	0	0	0	67,818	97,555	165,373
Unreserved						
Designated for Food Service	21,688	0	0	0	0	21,688
Designated for Athletic Activities	0	9,082	0	0	0	9,082
<b>Total Fund Balances</b>	<b>23,344</b>	<b>9,082</b>	<b>0</b>	<b>67,818</b>	<b>97,555</b>	<b>197,799</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 23,344</b>	<b>\$ 9,082</b>	<b>\$ 0</b>	<b>\$ 67,956</b>	<b>\$ 97,640</b>	<b>\$ 198,022</b>

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUND TYPES  
YEAR ENDED JUNE 30, 2008

	<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT SERVICE FUNDS</u>			<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
	<u>FOOD SERVICE</u>	<u>ATHLETIC ACTIVITIES</u>	<u>DURANT DEBT RETIREMENT FUND</u>	<u>2005 DEBT RETIREMENT FUND</u>	<u>2006 DEBT RETIREMENT FUND</u>	
<u>REVENUES</u>						
Local Sources	\$ 36,323	\$ 11,183	\$ 0	\$ 222,657	\$ 197,218	\$ 467,381
State Sources	5,996	0	0	0	0	5,996
Federal Sources	78,818	0	0	0	0	78,818
Total Revenues	121,137	11,183	0	222,657	197,218	552,195
<u>EXPENDITURES</u>						
Food Service Activities	123,035	0	0	0	0	123,035
Athletic Activities	0	99,451	0	0	0	99,451
Debt Service						
Principal	0	0	0	175,000	30,000	205,000
Interest	0	0	0	69,569	141,636	211,205
Total Expenditures	123,035	99,451	0	244,569	171,636	638,691
Excess (Deficiency) of Revenues Over Expenditures	(1,898)	(88,268)	0	(21,912)	25,582	(86,496)
<u>OTHER FINANCING SOURCES</u>						
Transfers In	10,000	94,216	0	0	0	104,216
Net Change in Fund Balance	8,102	5,948	0	(21,912)	25,582	17,720
<u>FUND BALANCE</u> - Beginning of Year	15,242	3,134	0	89,730	71,973	180,079
<u>FUND BALANCE</u> - End of Year	\$ 23,344	\$ 9,082	\$ 0	\$ 67,818	\$ 97,555	\$ 197,799

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

GENERAL FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	2008	2007
	<hr/>	
<u>ASSETS</u>		
Cash	\$ 52,498	\$ 164,445
Taxes Receivable	740	1,136
Accounts Receivable	42,340	152
Due from Other Funds	0	576
Due from Other Governmental Units	445,740	434,416
Inventory	2,000	2,000
Prepaid Expenditures	11,998	27,004
Investments	1,067,449	933,300
	<hr/>	
TOTAL ASSETS	\$ 1,622,765	\$ 1,563,029
	<hr/>	
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 5,504	\$ 4,975
State Aid Anticipation Note Payable	900,000	900,000
Due to Other Funds	40,513	19,035
Accrued Expenses	119,888	115,354
Salaries Payable	203,166	191,491
Deferred Revenue	35,740	1,136
	<hr/>	
Total Liabilities	1,304,811	1,231,991
	<hr/>	
<u>FUND BALANCE</u>		
Reserved for:		
Inventory	2,000	2,000
Prepaid Expenditures	11,998	27,004
Unreserved		
Undesignated	303,956	302,034
	<hr/>	
Total Fund Balance	317,954	331,038
	<hr/>	
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,622,765	\$ 1,563,029
	<hr/>	

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources	\$ 590,580	\$ 587,096	\$ 540,548
State Sources	2,464,992	2,454,753	2,471,617
Federal Sources	213,558	211,669	245,042
Other Transactions	42,447	67,584	65,788
Total Revenues	<u>3,311,577</u>	<u>3,321,102</u>	<u>3,322,995</u>
<u>EXPENDITURES</u>			
Instruction			
Basic Programs			
Elementary School	881,802	879,575	846,352
Middle School/Junior High	80,614	78,687	84,690
High School	749,194	759,003	750,123
Preschool	0	0	5,719
Summer School	1,388	920	992
Added Needs			
Special Education	169,121	168,114	161,887
Compensatory Education	127,614	127,611	154,402
Supporting Services			
Pupil Support Services			
Guidance Services	56,274	54,012	58,688
Social Work Services	8,375	8,034	13,200
Instructional Staff			
Improvement of Instruction	4,635	4,486	4,506
Educational Media Services	37,450	36,637	33,953
Supervision and Direction of Instructional Staff	76	884	8,301
General Administration			
Board of Education	31,676	32,358	24,121
Executive Administration	127,595	124,724	128,077
School Administration			
Office of the Principal	191,899	188,821	173,804
Other School Administration	2,040	2,034	1,818

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Business			
Fiscal Services	73,535	71,237	69,280
Other Business Services	32,040	31,563	33,926
Operation and Maintenance of Plant	429,836	419,045	347,870
Pupil Transportation Services	146,172	147,172	152,898
Central Services			
Planning, Research and Development	0	500	3,649
Information Management Services	16,542	16,416	25,366
Other Central Services	27,278	28,367	14,984
Community Services			
Community Learning Center	6,905	6,069	3,852
Other Transactions			
Transfers to Other School Districts	3,096	1,744	6,152
Debt Service			
Principal Reduction	5,784	5,783	37,677
Interest and Fiscal Charges	20,307	36,174	35,333
Total Expenditures	<u>3,231,248</u>	<u>3,229,970</u>	<u>3,181,620</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>80,329</u>	<u>91,132</u>	<u>141,375</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out			
Food Service Fund	(10,000)	(10,000)	0
Athletic Activities Fund	(66,500)	(94,216)	(81,073)
Total Other Financing Sources (Uses)	<u>(76,500)</u>	<u>(104,216)</u>	<u>(81,073)</u>
Net Change in Fund Balance	3,829	(13,084)	60,302
<u>FUND BALANCE</u> - Beginning of Year	<u>277,448</u>	<u>331,038</u>	<u>270,736</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 281,277</u>	<u>\$ 317,954</u>	<u>\$ 331,038</u>



BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

GENERAL FUND  
ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>LOCAL SOURCES</u>			
Taxes	\$ 536,290	\$ 524,859	\$ 486,706
Tuition			
Regular	20	20	20
Earnings on Investments and Deposits	34,200	36,127	40,534
Rentals	5,500	5,928	2,465
Private Contributions	310	1,869	4,563
Miscellaneous	14,260	18,293	6,260
Total Local Sources	<u>590,580</u>	<u>587,096</u>	<u>540,548</u>
<u>STATE SOURCES</u>			
Grants-In-Aid Unrestricted			
State School Aid			
Foundation Allowance	2,283,255	2,273,039	2,274,802
Foundation Allowance - Special Education	91,200	91,159	104,921
Grants-In-Aid Restricted			
State School Aid			
At Risk	86,250	86,268	80,334
ASAP Way to Grow	0	0	2,437
Durant Settlement	4,287	4,287	4,287
Middle School Math	0	0	4,836
Total State Sources	<u>2,464,992</u>	<u>2,454,753</u>	<u>2,471,617</u>

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

GENERAL FUND  
ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

	2008		2007
	BUDGET	ACTUAL	ACTUAL
<u>FEDERAL SOURCES</u>			
Grants-In-Aid Restricted			
Direct Grants			
Title VI B Small Rural School Grant	12,290	12,290	13,594
Received Through Michigan Department of Education			
Title I	65,611	65,611	87,814
Title V LEA Allocation	1,190	1,190	1,146
Improving Teacher Quality Grant	34,310	34,310	34,080
Received Through Traverse City Area Public Schools			
Community Learning Center	90,583	88,480	92,919
Received Through Family Independence Agency			
Strong Families Safe Children Grant	0	0	6,200
Received Through Traverse Bay Area ISD			
Improving Teacher Quality Grant	617	617	901
IDEA Grants	8,882	8,882	8,248
Medicaid Outreach	75	289	140
Total Federal Sources	213,558	211,669	245,042
<u>OTHER TRANSACTIONS</u>			
Transfers from TBA			
County Special Education Tax	21,002	24,708	27,331
Other Transfers from TBA	8,295	29,325	33,363
Great Smart Program	0	0	4,584
Refunds of Prior Years Expense	6,150	6,551	510
Sale of Fixed Assets	7,000	7,000	0
Total Other Transactions	42,447	67,584	65,788
 TOTAL REVENUES	 \$ 3,311,577	 \$ 3,321,102	 \$ 3,322,995

BUCKLEY COMMUNITY SCHOOLS

BUCKLEY, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

	2008		2007
	BUDGET	ACTUAL	ACTUAL
<u>INSTRUCTION</u>			
<u>Basic Programs</u>			
<u>Elementary</u>			
Salaries	\$ 540,422	\$ 540,258	\$ 546,992
Employee Benefits	300,593	300,638	278,068
Purchased Services	15,530	14,999	565
Supplies and Materials	18,557	17,155	16,493
Capital Outlay	3,400	3,334	944
Other Expense	3,300	3,191	3,290
Total Elementary	881,802	879,575	846,352
<u>Middle School/Junior High</u>			
Salaries	40,992	40,989	47,767
Employee Benefits	27,064	25,157	27,087
Purchased Services	2,290	2,280	3,312
Supplies and Materials	2,515	2,509	1,879
Capital Outlay	7,753	7,752	1,698
Other Expense	0	0	2,947
Total Middle School/Junior High	80,614	78,687	84,690
<u>High School</u>			
Salaries	450,800	450,554	463,945
Employee Benefits	240,771	252,359	251,084
Purchased Services	26,120	25,691	15,536
Supplies and Materials	22,098	21,102	16,448
Capital Outlay	1,305	1,300	0
Other Expense	300	291	70
Outgoing Transfers	7,800	7,706	3,040
Total High School	749,194	759,003	750,123
<u>Preschool</u>			
Salaries	0	0	3,354
Employee Benefits	0	0	855
Purchased Services	0	0	392
Supplies and Materials	0	0	1,118
Total Preschool	0	0	5,719

BUCKLEY COMMUNITY SCHOOLS

BUCKLEY, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>Summer School</u>			
Salaries	0	0	0
Employee Benefits	0	0	0
Purchased Services	1,388	920	992
Supplies and Materials	0	0	0
Total Summer School	<u>1,388</u>	<u>920</u>	<u>992</u>
<u>Added Needs</u>			
<u>Special Education</u>			
Salaries	98,645	98,514	100,160
Employee Benefits	64,461	63,648	59,807
Purchased Services	3,850	3,809	25
Supplies and Materials	2,165	2,143	1,895
Total Special Education	<u>169,121</u>	<u>168,114</u>	<u>161,887</u>
<u>Compensatory Education</u>			
Salaries	83,097	83,097	93,783
Employee Benefits	44,315	44,312	60,408
Supplies and Materials	202	202	211
Total Compensatory Education	<u>127,614</u>	<u>127,611</u>	<u>154,402</u>
<u>SUPPORTING SERVICES</u>			
<u>Pupil Support Services</u>			
<u>Guidance Services</u>			
Salaries	33,331	32,976	34,723
Employee Benefits	22,843	21,036	23,813
Supplies and Materials	100	0	152
Total Guidance Services	<u>56,274</u>	<u>54,012</u>	<u>58,688</u>
<u>Social Work Services</u>			
Salaries	6,450	6,189	10,159
Employee Benefits	1,925	1,845	2,972
Purchased Services	0	0	69
Supplies and Materials	0	0	0
Total Social Work Services	<u>8,375</u>	<u>8,034</u>	<u>13,200</u>

BUCKLEY COMMUNITY SCHOOLS

BUCKLEY, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

	2008		2007
	BUDGET	ACTUAL	ACTUAL
<u>Instructional Staff</u>			
<u>Improvement of Instruction</u>			
Purchased Services	4,635	4,486	4,506
<u>Educational Media Services</u>			
Salaries	15,345	15,288	13,620
Employee Benefits	20,348	19,808	18,588
Supplies and Materials	1,757	1,541	1,745
Total Educational Media Services	37,450	36,637	33,953
<u>Supervision and Direction of Instructional Staff</u>			
Salaries	0	430	6,626
Employee Benefits	76	69	1,675
Purchased Services	0	385	0
Total Supervision/Direction	76	884	8,301
<u>General Administration</u>			
<u>Board of Education</u>			
Salaries	4,000	3,900	3,080
Employee Benefits	306	399	352
Purchased Services	21,675	22,369	18,234
Supplies and Materials	1,860	1,860	134
Other Expense	3,835	3,830	2,321
Total Board of Education	31,676	32,358	24,121
<u>Executive Administration</u>			
Salaries	83,000	82,077	85,170
Employee Benefits	37,115	35,306	36,186
Purchased Services	5,790	5,653	5,515
Supplies and Materials	150	150	0
Other Expense	1,540	1,538	1,206
Total Executive Administration	127,595	124,724	128,077

BUCKLEY COMMUNITY SCHOOLS

BUCKLEY, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>School Administration</u>			
<u>Office of the Principal</u>			
Salaries	111,405	110,536	100,385
Employee Benefits	75,889	73,705	70,293
Purchased Services	1,915	1,910	949
Supplies and Materials	2,000	1,985	1,627
Capital Outlay	145	142	0
Other Expense	545	543	550
Total Office of the Principal	<u>191,899</u>	<u>188,821</u>	<u>173,804</u>
<u>Other School Administration</u>			
Other Expense	<u>2,040</u>	<u>2,034</u>	<u>1,818</u>
<u>Business</u>			
<u>Fiscal Services</u>			
Salaries	45,000	44,532	42,000
Employee Benefits	27,270	25,435	24,922
Purchased Services	500	500	1,431
Other Expense	765	770	927
Total Fiscal Services	<u>73,535</u>	<u>71,237</u>	<u>69,280</u>
<u>Other Business Services</u>			
Purchased Services	22,290	21,984	25,004
Supplies and Materials	3,070	3,069	771
Other Expense	6,680	6,510	8,151
Total Other Business Services	<u>32,040</u>	<u>31,563</u>	<u>33,926</u>
<u>Operation and Maintenance</u>			
Salaries	114,441	110,016	99,029
Employee Benefits	79,790	77,339	71,419
Purchased Services	80,000	78,182	70,461
Supplies and Materials	154,450	152,359	104,865
Capital Outlay	500	496	2,096
Other Expense	655	653	0
Total Operation and Maintenance	<u>429,836</u>	<u>419,045</u>	<u>347,870</u>

BUCKLEY COMMUNITY SCHOOLS

BUCKLEY, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>Pupil Transportation Services</u>			
Salaries	59,580	59,347	80,258
Employee Benefits	15,212	14,804	19,973
Purchased Services	5,980	7,021	7,537
Supplies and Materials	40,400	42,366	45,130
Outgoing Transfers	25,000	23,634	0
Total Pupil Transportation Services	<u>146,172</u>	<u>147,172</u>	<u>152,898</u>

CENTRAL SERVICES

Planning, Research and Development

Salaries	0	0	2,670
Employee Benefits	0	0	672
Purchased Services	0	500	307
Total Planning, Research and Development	<u>0</u>	<u>500</u>	<u>3,649</u>

Information Management Services

Salaries	2,750	2,731	280
Employee Benefits	425	394	71
Purchased Services	12,462	12,390	20,033
Supplies and Materials	840	837	4,982
Capital Outlay	65	64	0
Total Information Management Services	<u>16,542</u>	<u>16,416</u>	<u>25,366</u>

Other Central Services

Purchased Services	23,643	24,738	14,984
Supplies and Materials	170	168	0
Other Expense	3,465	3,461	0
Total Other Central Services	<u>27,278</u>	<u>28,367</u>	<u>14,984</u>

COMMUNITY SERVICES

Community Learning Center

Purchased Services	<u>6,905</u>	<u>6,069</u>	<u>3,852</u>
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BUCKLEY COMMUNITY SCHOOLS

BUCKLEY, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>OTHER TRANSACTIONS</u>			
Transfers to Other School Districts			
TBA School to Work	2,300	0	3,300
Sub-Grantee Disbursements	796	1,744	2,852
Total Transfers to Other Districts	<u>3,096</u>	<u>1,744</u>	<u>6,152</u>
<u>DEBT SERVICE</u>			
Interest on Notes and Loans	20,307	36,174	35,333
Principal Retirement			
Bus Loans	<u>5,784</u>	<u>5,783</u>	<u>37,677</u>
Total Debt Service	<u>26,091</u>	<u>41,957</u>	<u>73,010</u>
 TOTAL EXPENDITURES	 <u>\$ 3,231,248</u>	 <u>\$ 3,229,970</u>	 <u>\$ 3,181,620</u>



BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

2006 CAPITAL PROJECTS FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash	\$ 161,116	\$ 126,744
Due from Other Funds	0	7,500
Accrued Interest Receivable	0	94,858
Investments	<u>72,353</u>	<u>2,317,126</u>
 TOTAL ASSETS	 <u><u>\$ 233,469</u></u>	 <u><u>\$ 2,546,228</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 319,690
Construction Contract Retainage	<u>0</u>	<u>47,358</u>
 TOTAL LIABILITIES	 0	 367,048
 <u>FUND BALANCE</u>		
Reserved for Capital Projects	<u>233,469</u>	<u>2,179,180</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 233,469</u></u>	 <u><u>\$ 2,546,228</u></u>

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

2006 CAPITAL PROJECTS FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

	<u>YEAR ENDED JUNE 30,</u>	
	<u>2008</u>	<u>2007</u>
<u>REVENUES</u>		
Local Sources		
Earnings on Investments and Deposits	<u>\$ 32,424</u>	<u>\$ 134,829</u>
<u>EXPENDITURES</u>		
Capital Outlay		
Pupil Transportation Services		
School Buses	0	129,647
Site Improvements	589,610	131,113
Building Improvements		
Design	36,737	155,562
Project Management	35,327	46,477
Sitework	0	15,958
Gymnasium Floor	33,187	7,943
K-12 Building	1,041,754	651,649
Equipment	241,520	17,014
Other Expenses		
Bond Issuance Costs	0	39,396
Total Expenditures	<u>1,978,135</u>	<u>1,194,759</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,945,711)</u>	<u>(1,059,930)</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Bond Proceeds	0	3,320,000
Bond Issuance Discount	0	(40,957)
Transfers Out		
2006 Debt Retirement Fund	0	(39,959)
Total Other Financing Sources (Uses)	<u>0</u>	<u>3,239,084</u>
Net Change in Fund Balance	(1,945,711)	2,179,154
<u>FUND BALANCE</u> - Beginning of Year	<u>2,179,180</u>	<u>26</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 233,469</u>	<u>\$ 2,179,180</u>

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

FOOD SERVICE FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash	\$ 7,540	\$ 3,350
Due from Other Funds	13,242	11,487
Due from Other Governmental Units	906	1,193
Inventory	1,656	2,124
	<hr/>	<hr/>
TOTAL ASSETS	\$ 23,344	\$ 18,154
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accrued Payroll	\$ 0	\$ 2,545
Due to Other Funds	0	367
	<hr/>	<hr/>
Total Liabilities	0	2,912
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for Inventory	1,656	2,124
Unreserved		
Designated for Food Service	21,688	13,118
	<hr/>	<hr/>
Total Fund Balance	23,344	15,242
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 23,344	\$ 18,154
	<hr/> <hr/>	<hr/> <hr/>

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

FOOD SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Earnings on Investments and Deposits	\$ 100	\$ 65	\$ 74
Food Sales to Pupils	22,922	27,593	25,683
Food Sales to Adults	1,660	1,682	2,414
Ala-Carte Sales	6,980	6,983	4,672
Miscellaneous	0	0	29
State Sources			
State Aid			
Food Service	7,380	5,996	4,431
Breakfast Program	0	0	2,823
Federal Sources			
Grants-In-Aid Restricted - Federal Aid	60,270	71,487	72,501
U.S.D.A. Non-Bonus Commodities	4,400	7,042	6,919
U.S.D.A. Bonus Commodities	200	289	178
Total Revenues	<u>103,912</u>	<u>121,137</u>	<u>119,724</u>
<u>EXPENDITURES</u>			
Food Service			
Salaries	44,253	41,701	41,998
Employee Benefits	26,376	26,401	26,724
Purchased Services	340	334	590
Supplies and Materials	45,772	54,299	50,628
Other Expense	1,040	300	688
Total Expenditures	<u>117,781</u>	<u>123,035</u>	<u>120,628</u>
Excess (Deficiency) of Revenues Over Expenditures	(13,869)	(1,898)	(904)

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

FOOD SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In - General Fund	10,000	10,000	0
Net Change in Fund Balance	(3,869)	8,102	(904)
<u>FUND BALANCE</u> - Beginning of Year	16,544	15,242	16,146
<u>FUND BALANCE</u> - End of Year	<u>\$ 12,675</u>	<u>\$ 23,344</u>	<u>\$ 15,242</u>

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

ATHLETIC ACTIVITIES FUND

COMPARATIVE BALANCE SHEET  
JUNE 30, 2008

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash	\$ 9,082	\$ 3,343
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 0	\$ 209
<u>FUND BALANCE</u>		
Unreserved		
Designated for Athletic Activities	<u>9,082</u>	<u>3,134</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 9,082</u>	<u>\$ 3,343</u>

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

ATHLETIC ACTIVITIES FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Admissions	\$ 10,118	\$ 10,119	\$ 9,312
Earnings on Investments and Deposits	50	51	76
Contributions	870	1,013	1,800
Total Revenues	<u>11,038</u>	<u>11,183</u>	<u>11,188</u>
<u>EXPENDITURES</u>			
Athletic Activities			
Salaries	57,606	58,143	58,947
Employee Benefits	15,933	15,865	15,335
Purchased Services	12,872	12,666	11,909
Supplies and Materials	5,240	5,226	4,735
Capital Outlay	2,712	2,709	1,029
Other Expense	4,852	4,842	1,282
Total Expenditures	<u>99,215</u>	<u>99,451</u>	<u>93,237</u>
Excess (Deficiency) of Revenues Over Expenditures	(88,177)	(88,268)	(82,049)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In - General Fund	<u>85,100</u>	<u>94,216</u>	<u>81,073</u>
Net Change in Fund Balance	(3,077)	5,948	(976)
<u>FUND BALANCE</u> - Beginning of Year	<u>3,134</u>	<u>3,134</u>	<u>4,110</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 57</u>	<u>\$ 9,082</u>	<u>\$ 3,134</u>

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

2005 DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash	\$ 52,501	\$ 89,695
Taxes Receivable	138	198
Due from General Fund	<u>15,317</u>	<u>35</u>
TOTAL ASSETS	<u>\$ 67,956</u>	<u>\$ 89,928</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Deferred Revenue	\$ 138	\$ 198
<u>FUND BALANCE</u>		
Reserved for Debt Service	<u>67,818</u>	<u>89,730</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 67,956</u>	<u>\$ 89,928</u>



BUCKLEY COMMUNITY SCHOOLS

BUCKLEY, MICHIGAN

2005 DEBT RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Taxes	\$ 214,418	\$ 219,434	\$ 229,313
Penalties and Interest on Delinquent Taxes	0	33	0
Earnings on Investments and Deposits	3,100	3,190	4,838
Total Revenues	217,518	222,657	234,151
<u>EXPENDITURES</u>			
Debt Service			
Redemption of Bond Principal	175,000	175,000	175,000
Interest on Debt	69,328	69,569	74,688
Total Expenditures	244,328	244,569	249,688
Excess (Deficiency) of Revenues Over Expenditures	(26,810)	(21,912)	(15,537)
<u>FUND BALANCE</u> - Beginning of Year	89,730	89,730	105,267
<u>FUND BALANCE</u> - End of Year	\$ 62,920	\$ 67,818	\$ 89,730

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

2006 DEBT RETIREMENT FUND

BALANCE SHEET  
JUNE 30,

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash	\$ 85,601	\$ 71,960
Taxes Receivable	85	122
Due from General Fund	<u>11,954</u>	<u>13</u>
TOTAL ASSETS	<u>\$ 97,640</u>	<u>\$ 72,095</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Deferred Revenue	\$ 85	\$ 122
<u>FUND BALANCE</u>		
Reserved for Debt Service	<u>97,555</u>	<u>71,973</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 97,640</u>	<u>\$ 72,095</u>

BUCKLEY COMMUNITY SCHOOLS

BUCKLEY, MICHIGAN

2006 DEBT RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30,

	2008		2007
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Taxes	\$ 183,048	\$ 194,957	\$ 141,320
Earnings on Investments and Deposits	2,104	2,261	1,489
Total Revenues	<u>185,152</u>	<u>197,218</u>	<u>142,809</u>
<u>EXPENDITURES</u>			
Debt Service			
Principal on Debt	30,000	30,000	0
Interest on Debt	140,994	140,994	110,474
Dues and Fees	321	642	321
Total Expenditures	<u>171,315</u>	<u>171,636</u>	<u>110,795</u>
Excess (Deficiency) of Revenues			
Over Expenditures	13,837	25,582	32,014
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In-2006 Capital Projects Fund	<u>0</u>	<u>0</u>	<u>39,959</u>
Net Change in Fund Balance	13,837	25,582	71,973
<u>FUND BALANCE</u> - Beginning of Year	<u>71,973</u>	<u>71,973</u>	<u>0</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 85,810</u>	<u>\$ 97,555</u>	<u>\$ 71,973</u>

BUCKLEY COMMUNITY SCHOOLS

BUCKLEY, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

YEAR ENDED JUNE 30, 2008

	BALANCE	RECEIPTS	DISBURSEMENTS	BALANCE
	7/1/2007	(INCLUDING TRANSFERS)		6/30/2008
Academic	\$ 1,843	\$ 2,783	\$ 3,029	\$ 1,597
ALCOA	0	1,000	0	1,000
Art	0	23	23	0
Athletic Association	504	13,555	13,949	110
Band Boosters	394	129	523	0
Band Resale	218	15	65	168
Baseball-Boys	73	0	0	73
Basketball-Boys JV	6	0	0	6
Beverage Activity Account	1,304	2,401	2,741	964
Basketball Elementary	250	200	127	323
Basketball-Girls JV	183	0	0	183
Basketball Camp-Boys	1,036	2,856	2,246	1,646
Basketball Camp-Girls	630	1,997	2,075	552
Basketball Camp-JH Boys	8	0	0	8
Basketball Camp-JH Girls	548	0	0	548
Buckley Alumni Association	717	2,100	1,879	938
Buckley Alumni Scholarship	639	460	250	849
Cheerleaders	325	0	0	325
Cheerleaders-JH 7th	123	0	0	123
Class of 1978	284	0	284	0
Class of 1982	83	0	83	0
Class of 1988	547	0	547	0
Class of 1989	39	0	39	0
Class of 1991	199	0	199	0
Class of 1992	286	0	286	0
Class of 1995	60	0	60	0
Class of 1996	528	0	528	0
Class of 2001	473	0	473	0
Class of 2004	6	0	6	0
Class of 2007	16	0	16	0
Class of 2008	20,155	9,167	29,032	290
Class of 2009	16,833	5,382	2,463	19,752
Class of 2010	3,766	4,874	2,902	5,738
Class of 2011	2,696	2,631	1,303	4,024

BUCKLEY COMMUNITY SCHOOLS

BUCKLEY, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

YEAR ENDED JUNE 30, 2008

	BALANCE	RECEIPTS	DISBURSEMENTS	BALANCE
	7/1/2007	(INCLUDING TRANSFERS)		6/30/2008
Class of 2011-B	37	0	37	0
Class of 2012	921	2,273	296	2,898
Class of 2013	653	4,596	3,076	2,173
Class of 2013-B	237	237	474	0
Class of 2014	623	0	202	421
Class of 2015	404	0	72	332
Class of 2015-B	453	0	0	453
Class of 2016	640	362	931	71
Class of 2017	279	322	566	35
Class of 2017-B	239	672	911	0
Class of 2018	260	752	764	248
Class of 2018-B	951	277	1,023	205
Class of 2019	41	367	17	391
Class of 2020	0	281	57	224
Community Involvement	74	0	0	74
Cross Country	404	598	387	615
Dance Team	73	0	0	73
Drama	525	2,239	2,764	0
Elementary Fundraiser	40	4,690	4,730	0
Environmental Science	656	0	205	451
Girls Softball	416	2,820	3,080	156
Hardship	62	0	62	0
Holland Donation	1,040	0	0	1,040
K Duff Athletic Scholar Memorial	6,271	0	2,000	4,271
Kitchen Activity Account	0	55	0	55
L. Beeman Memorial	260	0	137	123
Library	890	261	734	417
LOC Trip	0	13,672	11,632	2,040
National Honor Society	680	0	314	366
Physics and Science	163	1,351	1,500	14
Publications Class	1,737	5,661	5,418	1,980
Scholarship	61	0	0	61
Ski Club II	426	123	0	549

BUCKLEY COMMUNITY SCHOOLS

BUCKLEY, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

YEAR ENDED JUNE 30, 2008

	BALANCE 7/1/2007	RECEIPTS (INCLUDING TRANSFERS)	DISBURSEMENTS	BALANCE 6/30/2008
Soccer	195	2,500	1,673	1,022
Spanish Class	4	0	0	4
Student Council	507	2,282	2,385	404
Teacher Scholarship	225	500	0	725
Track	134	158	158	134
Track Equipment	5,000	0	0	5,000
Tyson Donations	1,281	0	42	1,239
Video Yearbook	82	0	82	0
Volleyball	0	1,437	1,437	0
Interest Income	1,229	1,079	778	1,530
	<u>\$ 82,945</u>	<u>\$ 99,138</u>	<u>\$ 113,072</u>	<u>\$ 69,011</u>

Represented by

Assets

Cash	\$ 76,640	\$ 63,133
Certificate of Deposit	6,055	5,878
Investments	250	0
Total Assets	<u>\$ 82,945</u>	<u>\$ 69,011</u>

Liabilities

Due to Groups and Organizations	<u>\$ 82,945</u>	<u>\$ 69,011</u>
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BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

2005 REFUNDING BONDS  
JUNE 30, 2008

AMOUNT OF ISSUE \$ 2,300,000

AMOUNT REDEEMED

Current Year	\$ 175,000	
Prior Years	355,000	530,000

BALANCE OUTSTANDING - June 30, 2008 \$ 1,770,000

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
November 1, 2008			\$ 32,094	\$ 32,094
May 1, 2009	3.000%	\$ 170,000	32,094	202,094
November 1, 2009			29,544	29,544
May 1, 2010	3.000%	110,000	29,544	139,544
November 1, 2010			27,894	27,894
May 1, 2011	3.000%	100,000	27,894	127,894
November 1, 2011			26,394	26,394
May 1, 2012	3.000%	95,000	26,394	121,394
November 1, 2012			24,969	24,969
May 1, 2013	3.250%	95,000	24,969	119,969
November 1, 2013			23,425	23,425
May 1, 2014	3.250%	100,000	23,425	123,425
November 1, 2014			21,800	21,800
May 1, 2015	3.500%	100,000	21,800	121,800
November 1, 2015			20,050	20,050
May 1, 2016	3.650%	100,000	20,050	120,050
November 1, 2016			18,225	18,225
May 1, 2017	3.650%	100,000	18,225	118,225
November 1, 2017			16,400	16,400
May 1, 2018	4.000%	100,000	16,400	116,400
November 1, 2018			14,400	14,400

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

2005 REFUNDING BONDS  
JUNE 30, 2008

<u>DUE DATES</u>	<u>INTEREST</u>	<u>REQUIREMENTS</u>		
	<u>RATES</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 1, 2019	4.000%	100,000	14,400	114,400
November 1, 2019			12,400	12,400
May 1, 2020	4.000%	100,000	12,400	112,400
November 1, 2020			10,400	10,400
May 1, 2021	4.000%	100,000	10,400	110,400
November 1, 2021			8,400	8,400
May 1, 2022	4.200%	100,000	8,400	108,400
November 1, 2022			6,300	6,300
May 1, 2023	4.200%	100,000	6,300	106,300
November 1, 2023			4,200	4,200
May 1, 2024	4.200%	100,000	4,200	104,200
November 1, 2024			2,100	2,100
May 1, 2025	4.200%	100,000	2,100	102,100
		<u>\$ 1,770,000</u>	<u>\$ 597,990</u>	<u>\$ 2,367,990</u>



BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

1998 DURANT BONDS  
JUNE 30, 2008

AMOUNT OF ISSUE \$ 42,878

AMOUNT REDEEMED

Current Year	\$	0	
Prior Years		15,485	15,485

BALANCE OUTSTANDING June 30, 2008 \$ 27,393

<u>DUE DATES</u>	INTEREST	REQUIREMENTS		
	RATES	PRINCIPAL	INTEREST	TOTAL
May 15, 2009	4.761353%	\$ 16,657	\$ 3,574	\$ 20,231
May 15, 2010	4.761353%	2,500	511	3,011
May 15, 2011	4.761353%	2,619	392	3,011
May 15, 2012	4.761353%	2,743	268	3,011
May 15, 2013	4.761353%	2,874	137	3,011
		\$ 27,393	\$ 4,882	\$ 32,275

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

2006 SCHOOL BUILDING AND SITE BONDS  
JUNE 30, 2008

AMOUNT OF ISSUE \$ 3,320,000

AMOUNT REDEEMED

Current Year	\$ 30,000	
Prior Years	0	30,000

BALANCE OUTSTANDING - June 30, 2008 \$ 3,290,000

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
November 1, 2008			\$ 69,896	\$ 69,896
May 1, 2009	4.125%	\$ 45,000	69,896	114,896
November 1, 2009			68,968	68,968
May 1, 2010	4.125%	135,000	68,968	203,968
November 1, 2010			66,184	66,184
May 1, 2011	4.125%	165,000	66,184	231,184
November 1, 2011			62,781	62,781
May 1, 2012	4.125%	180,000	62,781	242,781
November 1, 2012			59,068	59,068
May 1, 2013	4.125%	190,000	59,068	249,068
November 1, 2013			55,149	55,149
May 1, 2014	4.125%	195,000	55,149	250,149
November 1, 2014			51,127	51,127
May 1, 2015	4.200%	195,000	51,127	246,127
November 1, 2015			47,033	47,033
May 1, 2016	4.200%	195,000	47,033	242,033
November 1, 2016			42,937	42,937
May 1, 2017	4.250%	195,000	42,937	237,937
November 1, 2017			38,794	38,794
May 1, 2018	4.250%	195,000	38,794	233,794
November 1, 2018			34,650	34,650
May 1, 2019	4.250%	200,000	34,650	234,650
November 1, 2019			30,400	30,400

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

2006 SCHOOL BUILDING AND SITE BONDS  
JUNE 30, 2008

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 1, 2020	4.250%	200,000	30,400	230,400
November 1, 2020			26,150	26,150
May 1, 2021	4.300%	200,000	26,150	226,150
November 1, 2021			21,850	21,850
May 1, 2022	4.300%	200,000	21,850	221,850
November 1, 2022			17,550	17,550
May 1, 2023	4.375%	200,000	17,550	217,550
November 1, 2023			13,175	13,175
May 1, 2024	4.375%	200,000	13,175	213,175
November 1, 2024			8,800	8,800
May 1, 2025	4.400%	200,000	8,800	208,800
November 1, 2025			4,400	4,400
May 1, 2026	4.400%	200,000	4,400	204,400
		<u>\$ 3,290,000</u>	<u>\$ 1,437,824</u>	<u>\$ 4,727,824</u>

# *Baird, Cotter and Bishop, P.C.*

## **CERTIFIED PUBLIC ACCOUNTANTS**

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

PHONE: 231-775-9789 FAX: 231-775-9749

www.bcbcpa.com

July 18, 2008

### COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Board of Education  
Buckley Community Schools  
Buckley, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buckley Community Schools for the year ended June 30, 2008, and has issued our report thereon dated July 18, 2008. Professional standards require that we provide you with the following information related to our audit.

#### Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated March 20, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of Buckley Community Schools. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Buckley Community Schools' compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Buckley Community Schools are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007-08. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. No material misstatements were noted.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated July 18, 2008.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During the course of our audit of the basic financial statements of Buckley Community Schools for the year ending June 30, 2008, we noted the following item which we feel deserve comment:

Internal Activity Fund Documentation

While examining the Internal Activity Fund, we were unable to locate proper documentation for expenditures. We recommend adopting a policy for disbursements that would mirror the same controls as all other funds.

Act 621 (Uniform Budgeting and Account Act)

Our comments relative to the District's budgeting procedures are as follows:

- (1) Several activities in the General Fund exceeded budgeted amounts
- (2) The 2005 Debt Retirement Fund, 2006 Debt Retirement Fund, the Food Service Fund, and the Athletic Activities Fund had expenditures which exceeded the budget. The District should continue to monitor its budgets on an ongoing basis and make budget amendments prior to incurring expenditures in excess of budgeted amounts.

This communication is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

# *Baird, Cotter and Bishop, P.C.*

## **CERTIFIED PUBLIC ACCOUNTANTS**

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July 18, 2008

To the Board of Education  
Buckley Community Schools  
Buckley, Michigan

We have audited the basic financial statements of Buckley Community Schools as of and for the year ended June 30, 2008, and have issued our report thereon dated July 18, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Buckley Community Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Buckley Community Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the following deficiencies to be significant deficiencies in internal control over financial reporting.

The relatively small number of people involved in the accounting functions of the District makes it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation. We realize that it is not financially practical for the Board to establish a larger accounting staff in order to implement proper segregation of duties.

The District does not have any members of its administration that are capable of preparing the entity wide financial statements. All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principals (GAAP). This is a responsibility of the District's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting). As is the case with most small and medium-sized entities, the District has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the District's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its *external* auditors, who cannot, by definition, be considered a part of the government's *internal* controls. This condition was caused by the District's determination that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the District to perform this task internally.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above related to the small accounting staff is a material weakness.

#### COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Buckley Community Schools, Buckley, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*